(c) if not, by when Government is going to constitute the Boards for these banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (c) The boards of the public sector banks are continuing entities and vacancies that arise are filled up from time to time. While the appointment of non official directors on the boards of nationalised banks and the Central Board of State Bank of India is made by Central Government, that of the non official directors on the boards of the subsidiary banks is made by the State Bank of India. Although the tenures of existing non official directors on the Boards of nationalised banks have expired, they are continuing as per the provisions of the statutes. Government have initiated necessary steps for reconstituting the Central Board of State Bank of India and the Boards of the nationalised banks.

Counter Guarantee of MNCs

2721. SHRIMATI MIRA DAS:
SHRI CHIMANBHAI MEHTA:

Will the Minister of FINANCE be pleased to state:

(a) whether counter guarantee of the state demanded by MNCs would lead to mismanagement of plants and investments as high percentage of profits are guaranteed;

(b) if not, what are the reasons that such a risk is being actively considered and approved by the Finance Department;

(c) whether other developing countries are providing sovereign guarantees to MNCs;

(d) if so, the details thereof; and

(e) whether China has rejected the idea of sovereign guarantee?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) and (b) The Counter-Guarantees under consideration only guarantee the payment obligations of the State Electricity Boards in the event of a payment default by the respective State Electricity Board and the State Government. By itself, a counter guarantee does not guarantee any level of profits. Such counter guarantees are being contemplated as the foreign lenders are not willing to land on the strength of State Government guarantees as the latter do not have international credit ratings.

(c) and (d) Government has been informed that other developing countries like philipines, Malaysia have provided sovereign guarantees, which are much wider than the GOI counter guarantee under consideration.

(e) No information is presently available in this regard.

Inflation Rate in India

2722. SHRI PRAMOD MAHAJAN: Will the Minister of FINANCE be pleased to state:

(a) how does the inflation rate of India compare with that of USA, UK, Germany, Japan and France; and

(b) what are the reasons for high inflation rate in India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) The inflation rate based on Consumer Price Index for the month of May, 1994 was as follows:

	Inflation (%)
USA	2.3
UK	2.6
Germany	2.9
Japan	0.8
France	1.8
India	10.6

(b) Inflation rate in developing countries tends to be higher compared to industrially advanced countries because of

former's inability to respond and adjust quickly to market singals in shifting resources away from unprofitable enterprises. Besides, the developing countries suffer from, poor resource base, lack of infrastructure, higher capital cost and quite often poor economies of scale. Even then inflation rate in India is regarded as moderately low compared to many other developing countries.

Household and Domestic Savings

2723. DR. MURLI MANOHAR JOSHI:
SHRI TRILOKI NATH CHATURVEDI:

Will the Minister of FINANCE be pleased to state:

(a) what are the details of the household savings and the gross domestic savings from 1990-91 to 1994-95;

(b) what new incentives Government have given each year during the above period to encourage household and gross domestic savings;

(c) to what extent investment in productive assets has suffered due to fall in the level of savings and whether any tax incentives are proposed to raise the level of savings and investments?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) As per the Central Statistical Organisation (CSO) the data available on savings is upto 1992-93. The details of which at current prices from 1990-91 through 1992-93 are as under:

(Rs. crore)

	1990-91	1991-92	1992-93 (Q)
Gross savings of which	127535	142479	157186
Household savings	108219	115524	122718

(Q) : Quick estimates

(b) the various improvements carried out in the small savings scheme during the course of 1990-91 to date are as under.

(i) The maximum deposit that could be made in a year in National Savings Scheme, 1987 was increased from Rs. 30,000 to Rs. 40,000 with effect from 20.12.1990. (This Scheme had been discontinued from 1.10.1992).

(ii) A Deposit Scheme for Retiring Employees of Public Sector Companies was introduced with effect from 1.1 1991. Interest on deposits under this Scheme is 10 per cent per annum at present. Interest is entirely free from the income tax.

(iii) The rates of interest in the case of 1 year, 2 year, 3 year and 5 year Post Office Time Deposit were increased from 9.5 per cent, 10 per cent, 11 per cent and 11.5 per cent to 10 per cent, 11 per cent, 13 per cent and 13.5 per cent respectively for an account opened on or after 1.10.1991.

(iv) The maturity value of a 5 year Post Office Recurring Deposit account opened on or after 1.10.1991 was increased. Thus, for a denomination (monthly deposit) of Rs. 10, the maturity value was increased from Rs. 811.10 to Rs. 856.40.

(v) The rates of interest in the case of 1 year and 2 year Post Office Time Deposit were further increased from 10 per cent and 11 per cent to 12 per cent for both, for an account opened on or after 16.12.91.

(vi) The maturity value as well as the premature encashment values in the case of Kisan Vikas Patra were increased for patras sold from 16.12.91

(vii) Extention of tax concession under Section 80L to NSC VIII Issue.

(viii) The rate of interest in the case of Post Office Monthly Income account was increased for 12 per cent to 14 per cent for an account opened on or after 24.4.92.